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FILED ENTERED RECEIVED SERVED ON
COUNSEL/PARTIES OF RECORD

MAY - 2 2005

BY: AW DEPUTY

FILED
DISTRICT OF NEVADA
2005 APR - 6 A 10: 41
BY: _____ DEPUTY

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

Federal Trade Commission,

Plaintiff,

v.

National Vending Consultants, Inc., a New Mexico corporation; Success Vending Group, Inc., a New Mexico corporation; USA Candy Express, Inc., a Nevada corporation; Patrick Abeyta, Jr., individually and as an officer of National Vending Consultants, Inc.; Debra Abeyta, individually and as an officer of National Vending Consultants, Inc.; Larry Welli, individually and as an officer of Success Vending Group, Inc.; Richard Savard, individually and as an officer of Success Vending Group, Inc.;

Defendants,

and Darlene Savard, a/k/a Darlene Robarge,

Relief Defendant.

Civil Action No.
CV-S-05-0160-RCJ-PAL

~~[PROPOSED]~~

PRELIMINARY
INJUNCTION ORDER

AW

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1 This matter comes before the Court on the motion of the plaintiff, the Federal
2 Trade Commission ("Commission"), for the defendants National Vending Consultants,
3 Inc. ("NVC"), Success Vending Group, Inc. ("SVG"), USA Candy Express, Inc.,
4 (collectively, the "Corporate Defendants"), Patrick Abeyta, Jr., Debra Abeyta, Richard
5 Savard, Larry Welli (collectively, the "Individual Defendants"), and the relief defendant
6 Darlene Savard, to show cause why a preliminary injunction should not issue. On
7 February 7, 2005, the Commission filed a Complaint for a Permanent Injunction and
8 Other Relief, including redress to consumers, pursuant to Sections 13(b) and 19(a) of the
9 Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b(a), and moved
10 for an *Ex Parte* Temporary Restraining Order pursuant to Rule 65 of the Federal Rules
11 of Civil Procedure. On February 8, 2005, the Court, having considered the Complaint,
12 declarations, exhibits, and memorandum of law filed in support, issued a TRO with an
13 asset freeze, appointed Matthew Q. Callister as Receiver for the Corporate Defendants,
14 and granted other equitable ancillary relief.

15 On March 17, 2005, the Court held a show cause hearing, at which the parties
16 were afforded the opportunity to present evidence.

17 Based upon the evidence presented to the Court by the parties, the Court makes
18 the following findings of fact and conclusions of law:

- 19 1. This Court has jurisdiction of the subject matter of this case and there is good
20 cause to believe it will have jurisdiction over all parties hereto;
- 21 2. There is good cause to believe that the Corporate Defendants and the Individual
22 Defendants have engaged and are likely to engage in acts and practices that
23 violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Commission's Rule
24 entitled Disclosure Requirements and Prohibitions Concerning Franchise and
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1 Business Opportunity Ventures (the "Franchise Rule"), 16 C.F.R. Part 436, and
2 that the Commission is therefore likely to prevail on the merits of this action;

3 3. There is good cause to believe that irreparable harm will result from the
4 Individual Defendants' and the Corporate Defendants' ongoing violations of
5 Section 5 of the FTC Act and the Franchise Rule unless they are restrained and
6 enjoined by Order of this Court;

7 4. There is good cause to believe that the Defendants transferred substantial
8 amounts of money they obtained from consumers to the Relief Defendant,
9 Darlene Savard, and she has no legitimate claim to those funds;

10 5. There is good cause to believe that immediate and irreparable damage to the
11 Court's ability to grant effective final relief for consumers in the form of
12 monetary restitution will occur from the sale, transfer, or other disposition or
13 concealment by the Defendants of assets or records unless the Defendants are
14 enjoined by Order of this Court;

15 6. Good cause exists for appointing a Receiver for the Corporate Defendants NVC,
16 SVG, and USA Candy Express, Inc. ("Candy Express");

17 7. Weighing the equities and considering the Commission's likelihood of ultimate
18 success, a Preliminary Injunction with an asset freeze, appointment of a Receiver,
19 and other equitable relief is in the public interest; and

20 8. As an agency of the United States, no security is required of the Commission for
21 issuance of a preliminary injunction. Fed. R. Civ. P. 65(c).

22 DEFINITIONS

23
24 1. "Assets" means any legal or equitable interest in, right to, or claim to, any real
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1 and personal property, including, but not limited to, chattel, goods, instruments,
2 equipment, fixtures, general intangibles, inventory, checks, notes, leaseholds,
3 effects, contracts, mail or other deliveries, shares of stock, lists of consumer
4 names, accounts, credits, premises, receivables, funds, and cash, wherever
5 located, whether in the United States or abroad;

6 2. "Business venture" means any written or oral business arrangement, however
7 denominated, regardless of whether covered by the Franchise Rule, which
8 consists of the payment of any consideration for:

9 a. the right or means to offer, sell, or distribute goods or services (regardless
10 of whether identified by a trademark, service mark, trade name,
11 advertising, or other commercial symbol); and

12 b. more than nominal assistance to any person or entity in connection with
13 or incident to the establishment, maintenance, or operation of a new
14 business or the entry by an existing business into a new line or type of
15 business;

16 3. "Corporate Defendants" means NVC, SVG, and Candy Express, and their
17 successors, assigns, affiliates or subsidiaries;

18 4. "Individual Defendants" means Patrick Abeyta, Jr., Debra Abeyta, Larry Welli,
19 and Richard Savard;

20 5. "Relief Defendant" means Darlene Savard;

21 6. "Defendants" means (a) each Corporate Defendant; (b) each Individual
22 Defendant; and (c) the Relief Defendant. Furthermore, any person insofar as he
23 or she is acting in the capacity of an officer, agent, servant, employee or attorney
24 of any Corporate Defendant, any Individual Defendant, or the Relief Defendant,
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1 and any person or entity in active concert or participation with any of the
2 foregoing who receives actual notice of this Order by personal service or
3 otherwise, is bound to comply with this Order, *see* Fed. R. Civ. P. 65(d), whether
4 these persons or entities are acting directly or through a trust, corporation,
5 subsidiary, division, or other device;

6 7. "Document" is synonymous in meaning and equal in scope to the usage of the
7 term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings,
8 graphs, charts, photographs, audio and video recordings, computer records, and
9 other data compilations from which information can be obtained and translated,
10 if necessary, through detection devices into reasonably usable form. A draft or
11 non-identical copy is a separate document within the meaning of the term;

12 8. "Receiver" shall mean the receiver appointed in Section X of this Order and any
13 deputy receivers that may be named by the receiver;

14 9. "Receivership Defendants" shall mean the Corporate Defendants.
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1 ORDER

2 **I. PROHIBITION AGAINST VIOLATION OF SECTION 5**
3 **OF THE FEDERAL TRADE COMMISSION ACT**

4 **IT IS THEREFORE ORDERED** that, in connection with the offering for sale or selling
5 of any business venture, Defendants are hereby restrained and enjoined from making
6 any material misrepresentation or assisting others in making any material
7 misrepresentation, either expressly or by implication, to any prospective purchaser of a
8 business venture, including but not limited to, the following:

9 A. that consumers who purchase Defendants' business ventures are likely to
10 earn substantial income;

11 B. that references or other individuals have purchased the Defendants'
12 business ventures and/or will provide reliable descriptions of experiences with the
13 business venture;

14 C. that locations to place vending machines are available in the prospective
15 purchaser's geographic area, and/or that Defendants will find or provide locations for
16 the placement of vending machines; or

17 D. that the Defendants will deliver the vending machines and/or locations
18 within a certain period of time.

19 **II. PROHIBITION AGAINST VIOLATION OF THE FRANCHISE RULE**

20 **IT IS FURTHER ORDERED** that Defendants are hereby restrained and enjoined from
21 violating or assisting others to violate any provisions of the Franchise Rule, 16 C.F.R.
22 Part 436, including but not limited to:

23 A. Failing to provide a prospective purchaser with a complete and accurate
24 disclosure document within the time required, as prescribed by the Franchise Rule, 16
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1 C.F.R. § 436.1(a);

2 B. Failing to provide a prospective purchaser with an earnings claim
3 document as prescribed by the Franchise Rule, 16 C.F.R. § 436.1(b)-(e);

4 C. Failing to have a reasonable basis for any earnings claim at the time such
5 claim is made, as required by the Franchise Rule, 16 C.F.R. § 436.1(b)-(c);

6 D. Failing to disclose, in immediate conjunction with any earnings claim, and
7 in a clear and conspicuous manner, that material which constitutes a reasonable basis
8 for the earnings claim is available to the prospective purchasers;

9 E. Failing to provide material which constitutes a reasonable basis for any
10 earnings claim to prospective purchasers, the Commission, or its staff upon reasonable
11 demand; or

12 F. Making any statement that contradicts information required to be
13 disclosed in the disclosure document as required by the Franchise Rule. 16 C.F.R.
14 § 436.1(f).

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16 **III. ASSET FREEZE**

17 **IT IS FURTHER ORDERED** that Defendants are hereby restrained and enjoined from:

18 A. Transferring, liquidating, converting, encumbering, pledging, loaning,
19 selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting
20 a lien or security interest or other interest in, or otherwise disposing of any funds, real
21 or personal property, accounts, contracts, consumer lists, shares of stock, or other assets,
22 or any interest therein, wherever located, whether within the United States or within a
23 jurisdiction outside the United States, that are: (1) owned or controlled by any of the
24 Corporate Defendants, Individual Defendants, or the Relief Defendant, in whole or in
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1 part; (2) held for the benefit of any Corporate Defendant, Individual Defendant, or the
2 Relief Defendant; (3) in the actual or constructive possession of any Corporate
3 Defendant, Individual Defendant, or the Relief Defendant; or (4) owned, controlled by,
4 or in the actual or constructive possession of any corporation, partnership, or other
5 entity directly or indirectly owned, managed, or controlled by any Corporate
6 Defendant, Individual Defendant, or the Relief Defendant, including, but not limited to,
7 any assets held by or for, or subject to access by, any of the Corporate Defendants,
8 Individual Defendants, or the Relief Defendant, at any bank or savings and loan
9 institution, or with any broker-dealer, escrow agent, title company, commodity trading
10 company, precious metals dealer, or other financial institution or depository of any
11 kind;

12 B. Opening or causing to be opened any safe deposit boxes titled in the name
13 of any Corporate Defendant, Individual Defendant, or the Relief Defendant, or subject
14 to access by any of them;

15 C. Incurring charges or cash advances on any credit card issued in the name,
16 singly or jointly, of any Corporate Defendant;

17 D. Obtaining a personal or secured loan encumbering the assets of any
18 Corporate Defendant, Individual Defendant, or the Relief Defendant; and

19 E. Incurring liens or other encumbrances on real property, personal property
20 or other assets titled in the name, singly or jointly, of any Corporate Defendant,
21 Individual Defendant, or the Relief Defendant.

22 F. Notwithstanding the above provisions in this Section and
23 notwithstanding the provision in Section IV(A) of this Order, individual defendants
24 Patrick and Debra Abeyta may pay from their Bank of America account number
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1 XXXXXXXX3293, reasonable, usual, ordinary and necessary living expenses and
2 attorneys' fees not to exceed \$8,177.52, which sum represents six months of wages
3 Debra Abeyta earned in her capacity as an employee of the United States Postal Service;

4 The assets affected by subdivisions (A) - (E) of this Section shall include: (1) all
5 assets of any of the Corporate Defendants, Individual Defendants, or the Relief
6 Defendant as of February 8, 2005; and (2) assets obtained after the time this Order was
7 entered if the assets are derived from the conduct alleged in the Commission's
8 Complaint.

9
10 **IV. RETENTION OF ASSETS AND RECORDS BY FINANCIAL INSTITUTIONS**

11 **IT IS FURTHER ORDERED** that, pending determination of the Commission's request
12 for permanent relief, any financial or brokerage institution, business entity, or person
13 served with a copy of this Order that holds, controls or maintains custody of any
14 account or asset of any Corporate Defendant, Individual Defendant, or the Relief
15 Defendant shall:

16 A. Hold and retain within its control and prohibit the withdrawal, removal,
17 assignment, transfer, pledge, encumbrance, disbursement, dissipation, conversion, sale,
18 or other disposal of any such asset, except by further order of the Court;

19 B. Deny Defendants access to any safe deposit box that is titled in the name,
20 individually or jointly or otherwise subject to access by any Corporate Defendant,
21 Individual Defendant, or the Relief Defendant;

22 C. Provide the Commission's counsel, within five (5) business days of
23 receiving a copy of this Order, a sworn statement setting forth:

24 1. the identification number of each such account or asset titled in the
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1 name, individually or jointly, of any Corporate Defendant,
2 Individual Defendant, or the Relief Defendant, or held on behalf of,
3 or for the benefit of any Corporate Defendant, Individual
4 Defendant, or the Relief Defendant;

5 2. the balance of each such account, or a description of the nature and
6 value of such asset as of the close of business on the day on which
7 this Order is served, and, if the account or other asset has been
8 closed or removed, the date closed or removed, the total funds
9 removed in order to close the account, and the name of the person
10 or entity to whom such account or other asset was remitted; and

11 3. the identification of any safe deposit box that is titled in the name,
12 individually or jointly, of any Corporate Defendant, Individual
13 Defendant, or the Relief Defendant, or is otherwise subject to access
14 by any Corporate Defendant, Individual Defendant, or the Relief
15 Defendant; and

16 D. Upon request by the Commission, promptly provide the Commission
17 with copies of all records or other documentation pertaining to each such account or
18 asset, including but not limited to, originals or copies of account applications, account
19 statements, signature cards, checks, drafts, deposit tickets, transfers to and from the
20 accounts, all other debit and credit instruments or slips, currency transaction reports,
21 1099 forms, and safe deposit box logs.

22 E. Cooperate with all reasonable requests of the Receiver relating to the
23 implementation of this Order, including transferring funds to the Receiver.

24 Provided, however, this Section IV shall not prevent the Individual Defendants
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1 and the Relief Defendant from each opening one new bank account after the entry of
2 this Order for the purpose of depositing assets which are not derived from the conduct
3 alleged in the Commission's Complaint. Prior to opening such accounts, the Individual
4 Defendants and the Relief Defendant shall disclose to the FTC in writing the name of
5 the Individual Defendant who seeks a bank account; the name, address, and telephone
6 number of the financial institution at which he/she seeks to open an account; and, once
7 it is known, the new account number for each account holder.

8 9 **V. PRESERVATION OF RECORDS**

10 **IT IS FURTHER ORDERED** that Defendants are hereby restrained and enjoined
11 from:

12 A. Destroying, erasing, mutilating, concealing, altering, transferring or
13 otherwise disposing of, in any manner, directly or indirectly, any documents that
14 relate to the business, business practices, assets, or business or personal finances of any
15 Corporate Defendant, Individual Defendant, or the Relief Defendant, and

16 B. Failing to create and maintain documents that, in reasonable detail,
17 accurately, fairly, and completely reflect Defendants' incomes, disbursements,
18 transactions, and use of money.

19 20 **VI. FINANCIAL DISCLOSURES**

21 **IT IS FURTHER ORDERED** that each Corporate Defendant, Individual Defendant,
22 and the Relief Defendant, within forty-eight (48) hours of entry of this Order, shall
23 prepare and deliver to counsel for the Commission and to the Receiver completed
24 financial statements on the forms attached to this Order as Attachment A (Financial
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1 Statement of Individual Defendant) for themselves individually, and Attachment B
2 (Financial Statement of Corporate Defendant), for each business entity under which
3 they conduct business or of which they are an officer, and for each trust for which any
4 Corporate Defendant, Individual Defendant, or Relief Defendant is a trustee. The
5 financial statements shall be accurate as of February 8, 2005, and further, shall include
6 clearly designated supplementary information accounting for all changes in the
7 Defendants' assets and liabilities occurring between February 8, 2005 and the entry of
8 this Order. Each Corporate Defendant, Individual Defendant, and Relief Defendant
9 shall include in the financial statements a full accounting of all funds and assets,
10 whether located inside or outside of the United States, that are: (a) titled in the name
11 of such Corporate Defendant, Individual Defendant, or Relief Defendant, jointly,
12 severally or individually; (b) held by any person or entity for the benefit of such
13 Corporate Defendant, Individual Defendant, or Relief Defendant; or (c) under the
14 direct or indirect control of such Corporate Defendant, Individual Defendant, or Relief
15 Defendant.

16 17 **VII. CONSUMER CREDIT REPORTS**

18 **IT IS FURTHER ORDERED** that pursuant to Section 604(1) of the Fair Credit
19 Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may furnish a
20 consumer report concerning any Corporate Defendant, Individual Defendant, or the
21 Relief Defendant, to the Commission.

22 23 **VIII. FOREIGN ASSET REPATRIATION**

24 **IT IS FURTHER ORDERED** that within five (5) business days following the service of
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1 this Order, each Corporate Defendant, Individual Defendant, and the Relief Defendant
2 shall:

3 A. Provide the Commission and the Receiver with a full accounting of all
4 funds, documents, and assets outside of the United States which are: (1) titled in the
5 name, individually or jointly, of any Corporate Defendant, Individual Defendant, or
6 the Relief Defendant; or (2) held by any person or entity for the benefit of any
7 Corporate Defendant, Individual Defendant, or the Relief Defendant; or (3) under the
8 direct or indirect control, whether jointly or singly, of any Corporate Defendant,
9 Individual Defendant, or the Relief Defendant;

10 B. Transfer to the territory of the United States and deliver to the Receiver
11 all funds, documents, and assets located in foreign countries which are: (1) titled in
12 the name individually or jointly of any Corporate Defendant, Individual Defendant, or
13 the Relief Defendant; or (2) held by any person or entity, for the benefit of any
14 Corporate Defendant, Individual Defendant, or the Relief Defendant; or (3) under any
15 Corporate Defendant, Individual Defendant, or the Relief Defendant's direct or
16 indirect control, whether jointly or singly;

17 C. Provide the Commission and the Receiver access to all records of
18 accounts or assets of any Corporate Defendant, Individual Defendant, and the Relief
19 Defendant held by financial institutions located outside the territorial United States by
20 signing the Consent to Release of Financial Records attached to this Order as
21 Attachment C, but only if the Defendants, the Commission, or the Receiver identify
22 the existence of any such accounts or assets.

23
24 **IX. INTERFERENCE WITH REPATRIATION**

1 **IT IS FURTHER ORDERED** that the Defendants are hereby restrained and enjoined
2 from taking any action, directly or indirectly, which may result in the encumbrance or
3 dissipation of foreign assets, or in the hindrance of the repatriation required by Section
4 VIII of this Order, including but not limited to:

5 A. Sending any statement, letter, fax, e-mail or wire transmission,
6 telephoning or engaging in any other act, directly or indirectly, that results in a
7 determination by a foreign trustee or other entity that a "duress" event has occurred
8 under the terms of a foreign trust agreement until such time that all assets have been
9 fully repatriated pursuant to Section VIII of this Order;

10 B. Notifying any trustee, protector or other agent of any foreign trust or
11 other related entities of either the existence of this Order, or of the fact that
12 repatriation is required pursuant to a Court Order, until such time that all assets have
13 been fully repatriated pursuant to Section VIII of this Order.

14 15 **X. APPOINTMENT OF RECEIVER**

16 **IT IS FURTHER ORDERED** that Matthew Q. Callister is appointed as Receiver for
17 the Receivership Defendants. The Receiver shall be the agent of this Court, and solely
18 the agent of this Court, in acting as Receiver under this Order. The Receiver shall be
19 accountable directly to this Court.

20 21 **XI. RECEIVER'S DUTIES**

22 **IT IS FURTHER ORDERED** that the Receiver is authorized and directed to
23 accomplish the following:

24 A. Assume full control of the Receivership Defendants by removing, as the
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1 Receiver deems necessary or advisable, any director, officer, independent contractor,
2 employee, or agent of any of the Receivership Defendants, including any Defendant,
3 from control of, management of, or participation in, the affairs of the Receivership
4 Defendants;

5 B. Take exclusive custody, control, and possession of all assets and
6 documents of, or in the possession, custody, or under the control of, the Receivership
7 Defendants, wherever situated. The Receiver shall have full power to divert mail and
8 to sue for, collect, receive, take in possession, hold, and manage all assets and
9 documents of the Receivership Defendants and other persons or entities whose
10 interests are now under the direction, possession, custody, or control of, the
11 Receivership Defendants. The Receiver shall assume control over the income and
12 profits therefrom and all sums of money now or hereafter due or owing to the
13 Receivership Defendants. *Provided, however,* that the Receiver shall not attempt to
14 collect any amount from a consumer if the Receiver believes the consumer was a
15 victim of the unfair or deceptive acts or practices or other violations of law alleged in
16 the Complaint in this matter, without prior Court approval;

17 C. Take all steps necessary to secure each location from which the
18 Receivership Defendants operate their business. Such steps may include, but are not
19 limited to, any of the following, as the Receiver deems necessary or advisable:
20 (1) serving this Order; (2) completing a written inventory of all receivership assets;
21 (3) obtaining pertinent information from all employees and other agents of the
22 Receivership Defendants, including, but not limited to, the name, home address, social
23 security number, job description, passwords or access codes, method of compensation,
24 and all accrued and unpaid commissions and compensation of each such employee or
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1 agent, (4) photographing and video taping any or all portions of the location;
2 (5) securing the location by changing the locks and disconnecting any computer
3 modems or other means of access to the computer or other records maintained at that
4 location; and (6) requiring any persons present on the premises at the time this Order
5 is served to leave the premises, to provide the Receiver with proof of identification, or
6 to demonstrate to the satisfaction of the Receiver that such persons are not removing
7 from the premises documents or assets of the Receivership Defendants. Law
8 enforcement personnel, including, but not limited to, police or sheriffs, may assist the
9 Receiver in implementing these provisions in order to keep the peace and maintain
10 security. If requested by the Receiver, the United States Marshal will provide
11 appropriate and necessary assistance to the Receiver to implement this Order;

12 D. Conserve, hold, and manage all assets of the Receivership Defendants,
13 and perform all acts necessary or advisable to preserve the value of those assets in
14 order to prevent any irreparable loss, damage, or injury to consumers or creditors of
15 the Receivership Defendants, including, but not limited to, obtaining an accounting of
16 the assets and preventing the unauthorized transfer, withdrawal, or misapplication of
17 assets;

18 E. Enter into contracts and purchase insurance as advisable or necessary;

19 F. Prevent the inequitable distribution of assets and determine, adjust, and
20 protect the interests of consumers and creditors who have transacted business with the
21 Receivership Defendants;

22 G. Manage and administer the business of the Receivership Defendants
23 until further order of this Court by performing all incidental acts that the Receiver
24 deems to be advisable or necessary, which includes but is not limited to retaining,
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1 hiring, or dismissing any employees, independent contractors, or agents;

2 H. Choose, engage, and employ attorneys, accountants, appraisers, and
3 other independent contractors and technical specialists, as the Receiver deems
4 advisable or necessary in the performance of duties and responsibilities under the
5 authority granted by this Order;

6 I. Make payments and disbursements from the receivership estate that are
7 necessary or advisable for carrying out the directions of, or exercising the authority
8 granted by, this Order. The Receiver shall apply to the Court for prior approval of any
9 payment of any debt or obligation incurred by the Receivership Defendants prior to
10 the date of entry of this Order, except payments that the Receiver deems necessary or
11 advisable to secure assets of the Receivership Defendants, such as rental payments;

12 J. Suspend business operations of the Receivership Defendants if in the
13 judgment of the Receiver such operations cannot be continued legally and profitably;

14 K. Institute, compromise, adjust, appear in, intervene in, or become party to
15 such actions or proceedings in state, federal or foreign courts or arbitration
16 proceedings as the Receiver deems necessary and advisable to preserve or recover the
17 assets of the Receivership Defendants, or that the Receiver deems necessary and
18 advisable to carry out the Receiver's mandate under this Order, including but not
19 limited to, actions challenging fraudulent or voidable transfers;

20 L. Defend, compromise, adjust, or otherwise dispose of any or all actions or
21 proceedings instituted in the past or in the future against the Receiver in his role as
22 Receiver, or against the Receivership Defendants, as the Receiver deems necessary and
23 advisable to preserve the assets of the Receivership Defendants, or as the Receiver
24 deems necessary and advisable to carry out the Receiver's mandate under this Order;

1 M. Issue subpoenas to obtain documents and records pertaining to the
2 Receivership, and conduct discovery in this action on behalf of the receivership estate;

3 N. Open one or more bank accounts as designated depositories for funds of
4 the Receivership Defendants. The Receiver shall deposit all funds of the Receivership
5 Defendants in such a designated account and shall make all payments and
6 disbursements from the receivership estate from such an account. The Receiver shall
7 serve copies of monthly account statements on all parties;

8 O. Maintain accurate records of all receipts and expenditures that he makes
9 as Receiver;

10 P. Cooperate with reasonable requests for information or assistance from
11 any state or federal law enforcement agency;

12 Q. Liquidate all assets of the Receivership Defendants and hold such assets
13 pending further order of the Court;

14 R. Vacate any business premises occupied by the Receivership Defendants
15 whether within or outside this District, and consolidate all records and other assets by
16 moving assets and records currently located outside of this District to a secure facility
17 maintained within this District; and

18 S. Make periodic reports, observations, and recommendations to this
19 Court, and seek guidance and instructions from this Court, if the Receiver deems it
20 necessary. Such reports may include the following information regarding the
21 Corporate Defendants: (1) a description of the business and of the Individual
22 Defendants' roles in the business; (2) an enumeration and/or detailed description of
23 revenues and expenditures; (3) identification of earnings claims made in the course of
24 offering for sale of Defendants' business ventures prior to February 8, 2005; (4) any
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1 substantiation for such earnings claims; (5) the number of purchasers of Defendants'
2 business ventures, and the amount they paid for Defendants' business ventures; and
3 (6) any additional information that the Receiver deems useful to the Court.
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5 XII. TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER

6 **IT IS FURTHER ORDERED** that Defendants and any other person or entity with
7 possession, custody or control of property of or records relating to the Receivership
8 Defendants shall upon notice of this order by personal service or otherwise
9 immediately notify the Receiver of, and, upon receiving a request from the Receiver,
10 immediately transfer or deliver to the Receiver possession, custody, and control of, the
11 following:

12 A. All assets of the Receivership Defendants;

13 B. All documents of the Receivership Defendants, including, but not limited
14 to, books and records of accounts, all financial and accounting records, balance sheets,
15 income statements, bank records (including monthly statements, canceled checks,
16 records of wire transfers, and check registers), client lists, title documents and other
17 papers;

18 C. All computers and data in whatever form used to conduct the business
19 of the Receivership Defendants;

20 D. All assets belonging to other persons or entities whose interests are now
21 under the direction, possession, custody, or control of, the Receivership Defendants;
22 and

23 E. All keys, codes, and passwords necessary to gain or to secure access to
24 any assets or documents of the Receivership Defendants, including, but not limited to,
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1 access to their business premises, means of communication, accounts, computer
2 systems, or other property.

3 In the event that any person or entity fails to deliver or transfer any asset or otherwise
4 fails to comply with any provision of this Section, the Receiver may file *ex parte* an
5 Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the
6 Court may authorize, without additional process or demand, Writs of Possession or
7 Sequestration or other equitable writs requested by the Receiver. The writs shall
8 authorize and direct the United States Marshal or any sheriff or deputy sheriff of any
9 county, or any other federal or state law enforcement officer, to seize the asset,
10 document, or other item covered by this Section and to deliver it to the Receiver.

11 12 **XIII. PROVISION OF INFORMATION TO RECEIVER**

13 **IT IS FURTHER ORDERED** that Defendants shall provide to the Receiver,
14 immediately upon request, the following:

15 A. A list of all assets and property, including accounts, of the Receivership
16 Defendants that are held in any name other than the name of a Receivership
17 Defendant, or by any person or entity other than a Receivership Defendant; and

18 B. A list of all agents, employees, officers, servants or those persons in
19 active concert and participation with the Individual Defendants, the Relief Defendant,
20 and Receivership Defendants, who have been associated or done business with the
21 Receivership Defendants.

22 23 **XIV. COOPERATION WITH THE RECEIVER**

24 **IT IS FURTHER ORDERED** that Defendants and all other persons or entities served
25

1 with a copy of this Order shall fully cooperate with and assist the Receiver in taking
2 and maintaining possession, custody, or control of the assets of the Receivership
3 Defendants. This cooperation and assistance shall include, but not be limited to:
4 providing information to the Receiver that the Receiver deems necessary in order to
5 exercise the authority and discharge the responsibilities of the Receiver under this
6 Order; providing any password required to access any computer, electronic file, or
7 telephonic data in any medium; and advising all persons who owe money to the
8 Receivership Defendants that all debts should be paid directly to the Receiver;
9 transferring Receivership funds at the Receiver's direction and producing records
10 related to the assets and sales of the Receivership Defendants. The entities obligated
11 to cooperate with the Receiver under this provision include, but are not limited to,
12 banks, broker-dealers, savings and loans, escrow agents, title companies, commodity
13 trading companies, precious metals dealers and other financial institutions and
14 depositories of any kind, and all third-party billing agents, common carriers, and other
15 telecommunications companies, that have transacted business with the Receivership
16 Defendants.

17 18 **XV. INTERFERENCE WITH THE RECEIVER**

19 **IT IS FURTHER ORDERED** that Defendants are hereby restrained and enjoined from
20 directly or indirectly:

- 21 A. Interfering with the Receiver managing, or taking custody, control, or
22 possession of, the assets or documents subject to this receivership;
- 23 B. Transacting any of the business of the Receivership Defendants;
- 24 C. Transferring, receiving, altering, selling, encumbering, pledging,

1 assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in
2 the possession or custody of, or in which an interest is held or claimed by, the
3 Receivership Defendants, or the Receiver; and

4 D. Refusing to cooperate with the Receiver or the Receiver's duly
5 authorized agents in the exercise of their duties or authority under any order of this
6 Court.

7
8 **XVI. STAY OF ACTIONS AGAINST RECEIVERSHIP DEFENDANTS**

9 **IT IS FURTHER ORDERED** that, except by leave of this Court, during the pendency
10 of the receivership ordered herein, Defendants, and all investors, creditors,
11 stockholders, lessors, customers and other persons seeking to establish or enforce any
12 claim, right, or interest against or on behalf of Defendants, and all others acting for or
13 on behalf of such persons, are hereby enjoined from taking action that would interfere
14 with the exclusive jurisdiction of this Court over the assets or documents of the
15 Receivership Defendants, including, but not limited to:

16 A. Petitioning, or assisting in the filing of a petition, that would cause any
17 Receivership Defendant to be placed in bankruptcy;

18 B. Commencing, prosecuting, or continuing a judicial, administrative, or
19 other action or proceeding against the Receivership Defendants, including the
20 issuance or employment of process against the Receivership Defendants, *except* that
21 such actions may be commenced if necessary to toll any applicable statute of
22 limitations;

23 C. Filing or enforcing any lien on any asset of the Receivership Defendants,
24 taking or attempting to take possession, custody, or control of any asset of the
25

1 Receivership Defendants; or attempting to foreclose, forfeit, alter, or terminate any
2 interest in any asset of the Receivership Defendants, whether such acts are part of a
3 judicial proceeding, are acts of self-help, or otherwise;

4 D. Initiating any other process or proceeding that would interfere with the
5 Receiver managing or taking custody, control, or possession of, the assets or
6 documents subject to this receivership.

7 *Provided that*, this Order does not stay: (i) the commencement or continuation of a
8 criminal action or proceeding; (ii) the commencement or continuation of an action or
9 proceeding by a governmental unit to enforce such governmental unit's police or
10 regulatory power; or (iii) the enforcement of a judgment, other than a money
11 judgment, obtained in an action or proceeding by a governmental unit to enforce such
12 governmental unit's police or regulatory power.

14 **XVII. COMPENSATION OF RECEIVER**

15 **IT IS FURTHER ORDERED** that the Receiver and all personnel hired by the Receiver
16 as herein authorized, including counsel to the Receiver and accountants, are entitled to
17 reasonable compensation for the performance of duties pursuant to this Order and for
18 the cost of actual out-of-pocket expenses incurred by them, from the assets now held
19 by, in the possession or control of, or which may be received by, the Receivership
20 Defendants. The Receiver shall file with the Court and serve on the parties periodic
21 requests for the payment of such reasonable compensation, with the first such request
22 filed no more than sixty (60) days after the date of entry of this Order. The Receiver
23 shall not increase the hourly rates used as the bases for such fee applications without
24 prior approval of the Court.

1 **XVIII. RECEIVER'S BOND**

2 **IT IS FURTHER ORDERED** that the Receiver shall maintain with the Clerk of this
3 Court a bond in the sum of \$10,000 with sureties to be approved by the Court,
4 conditioned that the Receiver will well and truly perform the duties of the office and
5 abide by and perform all acts the Court directs.

6
7 **XIX. ACCESS TO BUSINESS OFFICES AND RECORDS**

8 **IT IS FURTHER ORDERED** that the Receiver and the Defendants shall allow
9 representatives of the Commission reasonable access to all premises where the
10 Defendants are conducting or have conducted business and to all premises where any
11 of the Defendants' business records may be located, so that the representatives of the
12 Commission may inspect all documents of the Defendants and may copy such
13 documents either on or off the premises.

14 Furthermore, the Receiver shall allow the Defendants reasonable access to the
15 business records of the Receivership Defendants within his possession for the purpose
16 of inspecting and copying materials relevant to this action. The Receiver shall have
17 the discretion to determine the time, manner, and reasonable conditions of such
18 access.

19
20 **XX. EXPEDITED DISCOVERY**

21 **IT IS FURTHER ORDERED** that, pursuant to Federal Rule of Civil Procedure 26(b),
22 discovery may commence at any time after the entry of this Order.

23
24 **XXI. SERVICE BY FACSIMILE AUTHORIZED**

1 **IT IS FURTHER ORDERED** that copies of this Order may be served by any means,
2 including facsimile transmission, upon any financial institution or other entity or
3 person that may have possession, custody, or control of any documents or assets of
4 any Corporate Defendant, Individual Defendant, or the Relief Defendant, or that may
5 otherwise be subject to any provision of this Order. Service upon any branch or office
6 of any financial institution shall effect service upon the entire financial institution.
7

8 **XXII. DEFENDANTS' DUTY TO DISTRIBUTE ORDER**

9 **IT IS FURTHER ORDERED** that the Corporate Defendants, Individual Defendants,
10 and the Relief Defendant shall within five (5) days of the entry of this Order, provide a
11 copy of this Order to each of their affiliates, subsidiaries, divisions, sales entities,
12 successors, assigns, officers, directors, employees, independent contractors, client
13 companies, agents, attorneys, spouses and representatives. Furthermore, the
14 Corporate Defendants, Individual Defendants, and the Relief Defendant shall not take
15 any action that would encourage officers, agents, directors, employees, salespersons,
16 independent contractors, attorneys, subsidiaries, affiliates, successors, assigns or other
17 persons or entities in active concert or participation with Defendants to disregard this
18 Order or believe that they are not bound by its provisions.
19

20 **XXIII. SERVICE UPON PLAINTIFF**

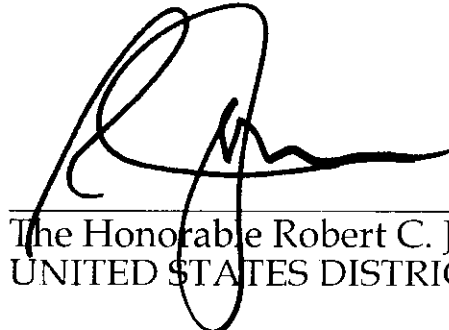
21 **IT IS FURTHER ORDERED** that Defendants shall serve all pleadings, memoranda,
22 correspondence, affidavits, declarations, or other documents related to this case by
23 facsimile transmission to (202) 326-3395, by hand delivery to the offices of the Federal
24 Trade Commission, at 600 Pennsylvania Avenue, NW, Room H-238, Washington, DC
25
26

1 20580, and addressed to the attention of Hillary Davidson, or by overnight shipment
2 through a third-party commercial carrier for delivery at this address.
3

4 **XXIV. RETENTION OF JURISDICTION**

5 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for
6 all purposes.
7

8 **SO ORDERED**, this 27th day of April, 2005 at _____ m., Pacific Standard
9 Time.

10
11 

12 _____
13 The Honorable Robert C. Jones
14 UNITED STATES DISTRICT JUDGE
15
16
17
18
19
20
21
22
23
24
25
26

Attachment A

ATTACHMENT "A"

FEDERAL TRADE COMMISSION
FINANCIAL STATEMENT OF INDIVIDUAL DEFENDANT

Instructions:

- 1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why. "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly. Attach continuation pages as needed. Initial each page in the space provided in the lower right corner. Sign and date the completed financial statement on the last page.

BACKGROUND INFORMATION

Item 1. Information About You

Your Full Name _____ Social Security # _____
Current Address _____ From (Date) _____
Identify any other name(s) and/or social security number(s) you have used, and the time period(s) during which they were used _____ Marital status _____

Item 2. Information About Spouse, Dependents

▶ Name _____ Date of Birth _____
Relationship _____ Social Security No. _____
▶ Name _____ Date of Birth _____
Relationship _____ Social Security No. _____

Item 3. Employment Information

Provide the following information for this year-to-date and for each of the previous three full years, for each company of which you were a director, officer, employee, agent, or consultant at any time during that period.

▶ Company Name & Address _____
Position Held and Dates Employed: _____
▶ Company Name & Address _____
Position Held and Dates Employed: _____
▶ Company Name & Address _____
Position Held and Dates Employed: _____

FINANCIAL INFORMATION: ASSETS AND LIABILITIES

REMINDER: "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.

Item 4. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or elsewhere, held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name & Address of Depository Institution</u>	<u>Box No.</u>

Item 5. Cash, Bank Accounts, Money Market Accounts, Certificates of Deposit

List cash and all bank accounts, money market accounts, certificates of deposit, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ _____ Cash Held For Your Benefit \$ _____

<u>Name on Account</u>	<u>Name & Address of Financial Institution</u>	<u>Account No.</u>	<u>Current Balance</u>

Item 6. Publicly Traded and Government Securities

List all securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents. In the alternative, attach the most recent brokerage statement for each account.

<u>Name of Security</u>	<u># of units owned</u>	<u>Owner of security</u>	<u>Location of Security</u>	<u>Current Value</u>

Item 7. Other Business Interests

List all other business interests, including but not limited to, non-public corporations, general or limited partnership interests, sole proprietorships, and oil and mineral leases, in which you, your spouse, or your dependents, are an officer, director, or have an ownership interest.

▶ Business Format _____ Business' Name & Address _____
 Ownership % _____ Officer/Director _____
 Owner (e.g., self, spouse) _____ Current Fair Market Value \$ _____

▶ Business Format _____ Business' Name & Address _____
 Ownership % _____ Officer/Director _____
 Owner (e.g., self, spouse) _____ Current Fair Market Value \$ _____

Item 8. Amounts Owed to You, Your Spouse, or Your Dependents

List all amounts owed to you, your spouse, or your dependents.

Debtor's Name, Address, & Telephone No. _____
Original Amount Owed \$ _____ Current Amount Owed \$ _____ Monthly Payment \$ _____

Item 9. Personal Property

List all personal property, by category, whether held for personal use or for investment, including but not limited to, furniture and household goods of value, computer equipment, electronics, coins, stamps, artwork, gemstones, jewelry, bullion other collectibles, copyrights, patents, and other intellectual property, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

<u>Property Category</u> (e.g., artwork, jewelry)	<u>Name of Owner</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____

Item 10. Cars, Trucks, Motorcycles, Boats, Airplanes, and Other Vehicles

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles owned or operated by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶ Vehicle Type _____ Make _____ Model _____ Year _____
Registered Owner's Name _____ Registration State & No. _____
Current Value \$ _____ Current Loan Balance \$ _____ Monthly Payment \$ _____

▶ Vehicle Type _____ Make _____ Model _____ Year _____
Registered Owner's Name _____ Registration State & No. _____
Current Value \$ _____ Current Loan Balance \$ _____ Monthly Payment \$ _____

▶ Vehicle Type _____ Make _____ Model _____ Year _____
Registered Owner's Name _____ Registration State & No. _____
Current Value \$ _____ Current Loan Balance \$ _____ Monthly Payment \$ _____

Item 11. Real Property

List all real estate held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

▶ Type of Property _____ Property's Location _____
Name(s) on Title and Ownership Percentages _____
Current Value \$ _____ Balance On First Mortgage \$ _____ Monthly Payment \$ _____ \$
Other Loan(s) (describe) _____ Current Balance \$ _____
Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

▶ Type of Property _____ Property's Location _____
Name(s) on Title and Ownership Percentages _____
Current Value \$ _____ Balance On First Mortgage \$ _____ Monthly Payment \$ _____ \$
Other Loan(s) (describe) _____ Current Balance \$ _____
Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Item 12. Credit Cards

List each credit card held by you, your spouse, or your dependents. Also list any other credit cards that you, your spouse, or your dependents use.

<u>Name of Credit Card (e.g., Visa, MasterCard, Department Store)</u>	<u>Account No.</u>	<u>Name(s) on Account</u>	<u>Current Balance</u>	<u>Minimum Monthly Payment</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____

Item 13. Loans and Liabilities

List all loans or liabilities in your, your spouse's, or your dependents' names.

▶ Name & Address of Lender/Creditor _____
 Nature of Liability _____ Name(s) on Liability _____
 Date of Liability _____ Amount Borrowed \$ _____ Current Balance \$ _____
 Payment Amount \$ _____ Frequency of Payment _____

▶ Name & Address of Lender/Creditor _____
 Nature of Liability _____ Name(s) on Liability _____
 Date of Liability _____ Amount Borrowed \$ _____ Current Balance \$ _____
 Payment Amount \$ _____ Frequency of Payment _____

OTHER FINANCIAL INFORMATION

Item 14. Tax Returns

List all federal tax returns that were filed during the last three years by or on behalf of you. *Provide a copy of each signed tax return that was filed during the last three years.*

<u>Tax Year</u>	<u>Refund Expected</u>
_____	\$ _____
_____	_____
_____	_____

Item 15. Transfers of Assets

List each person to whom you have transferred, in the aggregate, more than \$5000 in funds or other assets during the previous three years by loan, gift, sale, or other transfer. For each such person, state the total amount transferred during that period.

<u>Transferee's Name, Address, & Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____
_____	_____	\$ _____	_____	_____

SUMMARY FINANCIAL SCHEDULES

Item 16. Combined Balance Sheet for You, Your Spouse, and Your Dependents. "You" includes yourself, your spouse, and your dependents.

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash on Hand	\$ _____	Credit Cards Balances	\$ _____
Cash in Financial Institutions	\$ _____	Motor Vehicles, Boats, Airplanes - Liens	\$ _____
Securities	\$ _____	Real Property - Mortgages	\$ _____
Other Business Interests	\$ _____	Loans Against Securities	\$ _____
Amounts Owed to You	\$ _____	Taxes Owed by You	\$ _____
Personal Property You Own	\$ _____	Other Loans and Liabilities (Itemize)	\$ _____
Value of Vehicles, Boats, Airplanes You Own	\$ _____		
Value of Real Property You Own	\$ _____		\$ _____
Other Assets You Own (Itemize)	\$ _____		\$ _____
	\$ _____		\$ _____
	\$ _____		\$ _____
Total Assets	\$ _____	Total Liabilities	\$ _____

Item 17. Combined Average MONTHLY Income and Expenses for You, Your Spouse, and Your Dependents for the Last 6 Months

Provide the average monthly income and expenses for you, your spouse, and your dependents for the last 6 months. Do not include credit card payments separately; rather, include credit card expenditures in the appropriate categories.

<u>INCOME</u>		<u>EXPENSES</u>	
Salary - After Taxes	\$ _____	Mortgage Payments for Residence(s)	\$ _____
Fees, Commissions, and Royalties	\$ _____	Property Taxes for Residence(s)	\$ _____
Interest	\$ _____	Rental Property Expenses, Including Mortgage Payments, Taxes, and Insurance	\$ _____
Dividends and Capital Gains	\$ _____	Car or Other Vehicle Lease or Loan Payments	\$ _____
Gross Rental Income	\$ _____	Food Expenses	\$ _____
Profits from Sole Proprietorships	\$ _____	Clothing Expenses	\$ _____
Distributions from Partnerships, S-Corporations, and LLCs	\$ _____	Utilities	\$ _____
Distributions from Trusts and Estates	\$ _____	Medical Expenses, Including Insurance	\$ _____
Social Security Payments	\$ _____	Other Insurance Premiums	\$ _____
Alimony/Child Support Received	\$ _____	Other Transportation Expenses	\$ _____
Other Income (Itemize)	\$ _____	Other Household Expenses	\$ _____
		<u>Other Expenses (Itemize)</u>	
		_____	\$ _____
	\$ _____	_____	\$ _____
	\$ _____	_____	\$ _____
	\$ _____	_____	\$ _____
Total Income	\$ _____	Total Expenses	\$ _____

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

(Date)

Signature

Attachment B

ATTACHMENT "B"

**FEDERAL TRADE COMMISSION
FINANCIAL STATEMENT OF CORPORATE DEFENDANT**

Instructions:

1. Complete all items. Enter "None" or "N/A" ("Not Applicable") where appropriate. If you cannot fully answer a question, explain why. In completing this financial statement, "the corporation" refers not only to this corporation but also to each of its predecessors that are not named defendants in this action. When an Item asks for information about assets or liabilities "held by the corporation," include ALL such assets and liabilities, located within the United States or elsewhere, held by the corporation or held by others for the benefit of the corporation. Attach continuation pages as needed. On the financial statement, state next to the Item number that the Item is being continued. On the continuation page(s), identify the Item number being continued.

2. An officer of the corporation must sign and date the completed financial statement on the last page and initial each page in the space provided in the lower right corner.

BACKGROUND INFORMATION

Item 1. General Information

Corporation's Full Name _____
Primary Business Address _____ From (Date) _____

Provide all other current addresses, & previous addresses for past five years, including post office boxes and mail drops:

Address _____ From/Until _____
Address _____ From/Until _____
Address _____ From/Until _____

List all predecessor companies for past five years:

Name & Address _____ From/Until _____
Name & Address _____ From/Until _____
Name & Address _____ From/Until _____

Item 2. Legal Information

Federal Taxpayer ID No. _____ State Tax ID No. _____

Item 3. Principal Stockholders

List all persons and entities that own at least 5% of the corporation's stock.

<u>Name & Address</u>	<u>% Owned</u>
_____	_____
_____	_____
_____	_____

Item 4. Officers

List all of the corporation's officers, including *de facto* officers (individuals with significant management responsibility whose titles do not reflect the nature of their positions).

Name & Address

% Owned

Item 5. Businesses Related to the Corporation

List all corporations, partnerships, and other business entities in which this corporation has an ownership interest.

Name & Address

Business Activities

% Owned

Item 6. Businesses Related to Individuals

List all corporations, partnerships, and other business entities in which the corporation's principal stockholders and officers (i.e., the individuals listed above) have an ownership interest.

Individual's Name

Business Name & Address

Business Activities

% Owned

Item 7. Related Individuals

List all related individuals with whom the corporation has had any business transactions during the three previous fiscal years and current fiscal year-to-date. A "related individual" is a spouse, sibling, parent, or child of the principal stockholders and officers (i.e., the individuals listed above).

Name and Address

Relationship

Business Activities

Item 8. Outside Accountants

List all outside accountants retained by the corporation during the last three years.

Name

Firm Name

Address

CPA/PA?

Item 9. Corporation's Recordkeeping

List all individuals within the corporation with responsibility for keeping the corporation's financial books and records for the last three years

Name, Address, & Telephone Number

Position(s) Held

Item 10. Attorneys

List all attorneys retained by the corporation during the last three years.

Name

Firm Name

Address

Item 11. All litigation involving the Corporation

List all pending lawsuits in which the corporation is involved in court or before an administrative agency.

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

Status _____

Opposing Party's Name & Address _____

Court's Name & Address _____

Docket No. _____ Relief Requested _____ Nature of Lawsuit _____

Status _____

FINANCIAL INFORMATION

Item 12. Tax Returns

List all federal and state corporate tax returns filed for the last three complete fiscal years. *Attach copies of all returns.*

Federal/
State/Both

Tax Year

Tax Due
Federal

Tax Paid
Federal

Tax Due
State

Tax Paid
State

Preparer's Name

_____ \$ _____ \$ _____ \$ _____ \$ _____

_____ \$ _____ \$ _____ \$ _____ \$ _____

_____ \$ _____ \$ _____ \$ _____ \$ _____

Item 13. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or elsewhere, held by the corporation, or held by others for the benefit of the corporation. *On a separate page, describe the contents of each box.*

<u>Owner's Name</u>	<u>Name & Address of Depository Institution</u>	<u>Box No.</u>

Item 14. Financial Statements

List all financial statements that were prepared for the corporation's last three complete fiscal years and for the current fiscal year-to-date. *Attach copies of all statements, providing audited statements if available.*

<u>Year</u>	<u>Balance Sheet</u>	<u>Profit & Loss Statement</u>	<u>Cash Flow Statement</u>	<u>Changes in Owner's Equity</u>	<u>Audited?</u>

Item 15. Financial Summary

For each of the last three complete fiscal years and for the current fiscal year-to-date for which the corporation has not provided a profit and loss statement in accordance with Item 14 above, provide the following summary financial information.

	<u>Current Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>3 Years Ago</u>
<u>Gross Revenue</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Expenses</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Net Profit After Taxes</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Payables</u>	\$ _____			
<u>Receivables</u>	\$ _____			

Item 16. Cash, Bank, and Money Market Accounts

List cash and all bank and money market accounts, including but not limited to, checking accounts, savings accounts, and certificates of deposit, held by the corporation. The term "cash" includes currency and uncashed checks.

Cash on Hand \$ _____ Cash Held for the Corporation's Benefit \$ _____

<u>Name & Address of Financial Institution</u>	<u>Signator(s) on Account</u>	<u>Account No.</u>	<u>Current Balance</u>
			\$ _____
			\$ _____
			\$ _____
			\$ _____

Item 17. Real Estate

List all real estate, including leaseholds in excess of five years, held by the corporation.

Type of Property _____ Property's Location _____
 Name(s) on Title and Ownership Percentages _____
 Current Value \$ _____ Loan or Account No. _____
 Lender's Name and Address _____
 Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____
 Other Loan(s) (describe) _____ Current Balance \$ _____
 Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Type of Property _____ Property's Location _____
 Name(s) on Title and Ownership Percentages _____
 Current Value \$ _____ Loan or Account No. _____
 Lender's Name and Address _____
 Current Balance On First Mortgage \$ _____ Monthly Payment \$ _____
 Other Loan(s) (describe) _____ Current Balance \$ _____
 Monthly Payment \$ _____ Rental Unit? _____ Monthly Rent Received \$ _____

Item 18. Other Assets

List all other property, by category, with an estimated value of \$5000 or more, held by the corporation, including but not limited to, inventory, machinery, equipment, furniture, vehicles, customer lists, computer software, patents, and other intellectual property.

<u>Property Category</u>	<u>Property Location</u>	<u>Acquisition Cost</u>	<u>Current Value</u>
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____

Item 19. Trusts and Escrows

List all persons and other entities holding funds or other assets that are in escrow or in trust for the corporation

<u>Trustee or Escrow Agent's Name & Address</u>	<u>Description and Location of Assets</u>	<u>Present Market Value of Assets</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

Item 20. Monetary Judgments and Settlements Owed By and To the Corporation

List all monetary judgments and settlements, recorded and unrecorded, owed by and to the corporation.

Opposing Party's Name & Address _____
Court's Name & Address _____ Docket No. _____
Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Opposing Party's Name & Address _____
Court's Name & Address _____ Docket No. _____
Nature of Lawsuit _____ Date of Judgment _____ Amount \$ _____

Item 21. Government Orders and Settlements

List all existing orders and settlements between the corporation and any federal or state government entities.

Name of Agency _____ Contact Person _____
Address _____ Telephone No. _____
Agreement Date _____ Nature of Agreement _____

Name of Agency _____ Contact Person _____
Address _____ Telephone No. _____
Agreement Date _____ Nature of Agreement _____

Item 22. Credit Cards

List all of the corporation's credit cards and retail charge accounts and the individuals authorized to use them.

<u>Name of Credit Card or Store</u>	<u>Names of Authorized Users and Positions Held</u>

Item 23. Compensation of Employees

List all compensation and other benefits paid by the corporation to the five most highly compensated employees, independent contractors, and consultants, for the two previous fiscal years and current fiscal year-to-date.

"Compensation" includes, but is not limited to, salaries, commissions, consulting fees, bonuses, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

Item 24. Compensation of Board Members and Officers

List all compensation and other benefits received from the corporation by Board Members and Officers for the current fiscal year-to-date and the two previous fiscal years. "Compensation" includes, but is not limited to, salaries, commissions, consulting fees, dividends, distributions, royalties, pensions, and profit sharing plans. "Other benefits" include, but are not limited to, loans, loan payments, rent, car payments, and insurance premiums, whether paid directly to the individuals, or paid to others on their behalf.

<u>Name/Position</u>	<u>Current Fiscal Year-to-Date</u>	<u>1 Year Ago</u>	<u>2 Years Ago</u>	<u>Compensation or Type of Benefits</u>
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	
	\$ _____	\$ _____	\$ _____	

Item 25. Transfers of Assets Including Cash and Property

List all transfers of assets over \$5,000 made by the corporation, other than in the ordinary course of business, during the previous three years, by loan, gift, sale, or other transfer.

<u>Transferee's Name, Address, & Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
		\$ _____		
		\$ _____		
		\$ _____		

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

(Date)

Signature

Corporate Position

Attachment C

Attachment "C"

Consent to Release of Financial Records, Individual

I, _____, do hereby direct any bank, trust company, or financial institution, at which I have an account of any kind upon which I am authorized to draw, and its officers, employees, and agents, to disclose all information and deliver copies of all documents of every nature in their possession or control that relate to any such account to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of the Federal Trade Commission v. National Vending Consultants, Inc., et al., now pending in the United States District Court for the District of Nevada and this shall be irrevocable authority for so doing.

This direction is intended to apply to the laws of countries other than the United States that restrict or prohibit the disclosure of financial information without the consent of the holder of the account, or its officers, and shall be construed as consent with respect thereto.

Dated: _____, 2005

Signature: _____

Consent to Release of Financial Records, Corporate

I, _____, as an officer of _____, do hereby direct any bank, trust company, or financial institution, at which _____ has an account of any kind upon which _____ is authorized to draw, and its officers, employees, and agents, to disclose all information and deliver copies of all documents of every nature in their possession or control that relate to any such account to any attorney of the Federal Trade Commission, and to give evidence relevant thereto, in the matter of the Federal Trade Commission v. National Vending Consultants, Inc., et al., now pending in the United States District Court for the District of Nevada, and this shall be irrevocable authority for so doing.

This direction is intended to apply to the laws of countries other than the United States that restrict or prohibit the disclosure of financial information without the consent of the holder of the account, or its officers, and shall be construed as consent with respect thereto.

Dated: _____, 2005

Signature: _____

Name: _____

Title: _____